

**Agenda Item No:** 6

**Report To:** LICENSING & HEALTH AND SAFETY COMMITTEE

**Date:** 25<sup>TH</sup> January 2008

**Report Title:** REVIEW OF THE HACKNEY CARRIAGE FARE SCALE

**Report Author:** Head of Environmental Services



<b>Summary:</b>	The report reviews the hackney carriage fare scale and recommends that an increase of 5% be made for 2008/9. This recommendation has been made following consultation with the trade.
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**Key Decision:** NO

**Affected Wards:** Not applicable

**Recommendations:** That the Licensing and Health & Safety Committee recommends to the Executive approval for the purpose of issuing a public notice the Hackney Carriage Fare shown at Appendix A.

**Policy Overview:** In December 1996 it was agreed by the Council that the hackney carriage (taxi) fare scale would be reviewed annually. In setting this fare scale a balance needs to be struck between the legitimate aims of the taxi trade to maintain profitability in the face of increasing costs, while protecting the public from excessive fares.

**Financial Implications:** Fares relate to the charges levied by the taxi trade and as such have no financial impact on the Council.

**Risk Assessment** YES

**Other Material Implications:** There are no direct legal implications. The procedure for setting fares and public notice requirements are stipulated within Section 65 of the Local Government (Miscellaneous Provisions) Act 1976. Members should note generally that hackney carriage and private hire licences are considered possessions and therefore Article 1 to Protocol 1 of the Human Rights Act 1998, the peaceful enjoyment of possessions, is relevant.

**Exemption Clauses:** Not applicable

**Background Papers:** None

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**Report Title: REVIEW OF THE HACKNEY CARRIAGE FARE SCALE**

**Purpose of the Report**

1. The report reviews the hackney carriage fare scale and outlines the consultation with the trade on this issue. The report recommends an increase of 5% be made for 2008/9.

**Issue to be Decided**

2. Whether to recommend to the Executive the Hackney Carriage Fare scale be increased by 5% for 2007/8, whether there should be a change in the hours for the higher rate tariff and whether there should be an additional fare for Sundays.

**Background**

3. In December 1996 (Minute No. HCSC 856/12/1996 refers) it was agreed that the hackney carriage (taxi) fare scale would be reviewed annually.
4. Members are reminded that the fares relate to the charges levied by the taxi trade as opposed to the fees that are essentially the licence charges levied by the Borough Council. It should also be remembered that the legislation governing taxi and private hire vehicles does not allow Councils to set fares for private hire vehicles. Private hire proprietors may charge what they wish, although customers should normally agree the fare beforehand.
5. It should also be noted that the tariff is the maximum fare that can be charged and discounts can be given should the proprietor wish. It is known that such discounts are applied within the Borough especially in the case of pre-booked longer journeys and for regular bookings.

**Comparison with other areas**

6. Examining the national league table of taxi fares the majority of the other Kent Local Authority fares are currently higher than those set by Ashford. The following table shows the fares in effect across Kent as of December 2007. The areas are ranked on the basis of the 1 mile costs. The start-up fare is also given.

<b>REGION</b>	<b>INITIAL RATE</b>	<b>1 MILE</b>	<b>2 MILES</b>	<b>10 MILES</b>
<b>SOUTH (Average)</b>	<b>£2.49</b>	<b>£3.35</b>	<b>£4.99</b>	<b>£18.26</b>
Medway	£2.40	£3.80	£5.40	£18.20
Dover	£2.50	£3.70	£5.20	£17.40
Maidstone	£2.60	£3.60	£5.40	£19.60
Sevenoaks	£3.00	£3.42	£5.52	£22.32
Dartford	£2.00	£3.40	£5.40	£22.00
Tunbridge Wells	£3.40	£3.40	£5.60	£23.20

Canterbury	£2.50	£3.40	£5.20	£19.60
<b>Ashford</b>	<b>£2.30</b>	<b>£3.30</b>	<b>£5.10</b>	<b>£18.70</b>
Shepway	£2.50	£3.30	£4.70	£15.90
Gravesham	£2.00	£3.20	£4.80	£17.60
Tonbridge & Malling	£2.80	£3.00	£5.00	£22.80

Source = Private Hire and Taxi Monthly – December 2007

### Proposed Fare Increase

7. The process of setting a fare increase is complex and a balance needs to be struck between the legitimate aims of the taxi trade to maintain profitability in the face of increasing costs, while protecting the public from excessive fares.
8. Taxi meters are used to increase fares by changing the mileage at which the fare increases e.g. the present tariff charges 20p/207 yards.
9. A 5% increase is applied by changing the fares for distance or time. Based on the current initial charge of £2.30 plus 5% this equates to a charge of £2.41.5p, we have therefore recommended a £2.40 start fare and reduced the yards from 757 to 752.3 to account for the odd 1.5p. Initial waiting time would be 238.6 seconds. Subsequent yards have been reduced from 207 to 197.1 (to the closest decimal) and the waiting time would be reduced from 64.6 to 62.5 seconds.
10. However, these changes in rate produce a varying percentage increase in the costs of actual journeys, given that the initial fare remains constant.
11. The table below presents sample journeys and the increase the tariffs shown in Appendix A will produce.

Distance	2006/7 Fare	Current rate	5% increase
2 mile	£4.80	£5.10	<b>£5.40</b>
5 mile	£9.70	£10.10	<b>£10.60</b>
10 mile	£17.80	£18.70	<b>£19.60</b>
20 mile	£34.10	£35.70	<b>£37.40</b>

12. At the Taxi Forum on 8th January 2007 members of the trade discussed the issue of an enhanced fee payable on Sundays. The justification for this enhanced rate was the difficulty of attracting drivers to work on Sundays given the standard fare that they receive for journeys. While this was not adopted by the Council in 2007, at a meeting with the taxi trade representatives on 19<sup>th</sup> October 2007, the suggestion was again raised and the independent traders' representative asked officers to consult on an enhanced rate for Sundays.

13. The following local authorities have increased rates for Sundays:

<b>REGION</b>	<b>Sunday Rate</b>
Canterbury	1 + 50%
Shepway	50p surcharge
Maidstone	1 + 50%
Dartford	£1.50 on the initial charge
Gravesham	60p surcharge
Dover	75p surcharge
Tonbridge and Malling	50p surcharge (50% for more than 4 passengers)
Tunbridge Wells	60p surcharge

Medway, Sevenoaks, Swale and Thanet and of course Ashford have no additional charge on Sundays.

### **Risk Assessment**

14. The Council's Policy is that fares would be reviewed annually, so no decision on fares would be a potentially a breach of Council Policy.
15. The fare proposal has been recommended by the taxi trade that have made representations and no decision would undoubtedly result in complaints from the trade of inaction. An approval of a fare below their expectations may result in dissatisfaction from the trade.
16. The setting of a fare too far above the rate of inflation may result in complaints from members of the public. The increases over the last three years have not resulted in complaints from members of the public.

### **Other Options Considered**

17. Three proposals were put to the trade as agreed by the Taxi Forum on 4<sup>th</sup> December 2007. These were an increase of 5% in all fares, a 50p surcharge on Sundays between 07:00 – 00:00 and a 5% increase on all fares and a 50p surcharge on Sundays.

### **Consultation**

18. A letter was sent to all members of the trade at the end of October 2007 stating that a 5% increase was being proposed for the 2008/9 fees and comments regarding the draft Taxi Licensing Policy, fares and fees were requested by 1<sup>st</sup> December 2007. Copies of the letter sent to the trade and the responses are contained in Appendix B.
19. The proposed fees were presented to members of the trade at a meeting of the Taxi Forum on 4<sup>th</sup> December 2007.
20. All hackney carriage drivers were further consulted on 7<sup>th</sup> December on three options described in paragraph 17.

### **Consultation responses**

21. There were nine members of the trade present at the Taxi Forum. Minutes are available on the Council's website.
22. The Licensing Manager reported that seven representations had been received in response to the Council's consultation over fares. The responses all called for an increase in fares for 2008/9. The main reasons given to justify an increase were the general rise in the cost of living and the increase in fuel duty. The suggested increases ranged from a 5% increase with no initial rate change, to a 10% increase with changes to the charges for Sundays and / or the start time for the tariff 2 rate from midnight to 11:30pm.
23. Having considered the representations, the Licensing Manager indicated that he proposed to recommend to the Licensing Committee a 5% increase, with no changes to the times for tariff 2 rate or the Sunday surcharge.
24. A number of suggestions were then discussed, including the possibility of applying the fare increase at a different time of the year (i.e. not April) and having additional charges for pickups from Ashford station.
25. With regard to the Sunday surcharge the members present at the Taxi Forum were equally undecided as to what was the best. It was agreed to undertake further consultation on this element of the proposals and on Friday 7<sup>th</sup> December a postcard was sent to all 101 hackney carriage drivers asking for the feedback on three fare proposals for 2008/9.
  - 5% increase in all fares;
  - 50p surcharge on Sundays between 07:00 – 00:00; or
  - 5% increase on all fares and 50p surcharge on Sundays
26. Thirty-three responses were received by the end of the week's consultation and the number of votes for each proposal were as follows:

<b>5% increase in all fares</b>	<b>15</b>
<b>50p surcharge on Sundays between 07:00 – 00:00</b>	<b>2</b>
<b>5% increase on all fares and 50p surcharge on Sundays</b>	<b>16</b>

### **Comments on options presented**

27. From the feedback given at the Taxi Forum it appears that there is no consensus of opinion on the fare proposals.
28. It is suggested that if the Licensing Committee recommends an increase of 5% in fares, that an increase in the fares charged on Sundays may be an increase too many and there is no overwhelming support for this proposal.

### **Implications Assessment**

29. As previously stated the recommendation does not represent a key decision. The consideration assessment indicates low impact in terms of human rights, the environment, legal and staffing implications.

### **Handling**

30. If an increase in fares is approved a Public Notice must be placed in the local press in accordance with Section 65 of the Local Government (Miscellaneous Provisions) Act 1976. If relevant objections are received in response to this Notice a further report would be required.
31. The final agreed fare scale will take effect on 1st April 2007.

### **Conclusion**

32. Whilst the recommended 5% is above the rate of inflation the following should be taken into account:
- The price of fuel has risen from an average of 86p per litre of unleaded (91.6p for diesel) in November 2006 to an average of 101.5p per litre in November 2007 (105.4 for diesel) according to the AA's Monthly Fuel Report Survey.
  - Fares in Ashford remain competitive with other fares in Kent.

### **Portfolio Holder's Views**

33. None received.

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## APPENDIX A

### **FARES FOR DISTANCE OR TIME**

#### **Rate 1**

If the distance does not exceed 752.3 yards, for the whole distance or for the first 238.6 seconds of waiting time

£

2.40

For each subsequent 197.1 yards or uncompleted part thereof

0.20

Or for each subsequent period of 62.5 seconds of waiting time or uncompleted part thereof

0.20

### **SURCHARGES FOR CERTAIN TIMES AND DAYS:-**

#### **Rate 2**

a) For each hire commenced between 12 midnight and 7 am

1½ x Rate 1

b) For each hire undertaken on **GOOD FRIDAY, EASTER MONDAY, MAY DAY, SPRING BANK HOLIDAY, SUMMER BANK HOLIDAY** or any other specifically declared Bank Holiday only.

1½ x Rate 1

#### **Rate 3**

c) For each hire undertaken on a **CHRISTMAS DAY, BOXING DAY** or **NEW YEARS DAY**

2 x Rate 1

Note: When the holiday charge (b) or (c) is payable the Night Charge (a) is **NOT** payable.

**Extras** - up to a maximum of £1.20

d) for each person (excluding infants in arms) carried in excess of two persons (two children under 10 years of age count as one person) irrespective of distance.

0.20

**Note: For the purposes of counting the number of persons that the vehicle is licensed to carry, children under 10 years of age should each be counted as a person. A babe in arms should not be counted as a person.**

e) for each article of luggage conveyed outside the passenger compartment of the carriage

0.05

f) for perambulators

0.05

g) for dogs

0.10

## **APPENDIX B**

### RESPONSES FROM MEMBERS OF THE TRADE